

Message Text

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PAGE 01 BRUSSE 14454 191554Z
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SUBJECT: EC COUNCIL: PRESS REPORT ON MTN TARIFF
DISCUSSION

1. AGENCE EUROPE, A RELIABLE AND WELL INFORMED EC-
ORIENTED PUBLICATION, PRINTED FOLLOWING ACCOUNT IN ITS
EDITION OF OCTOBER 19 ON FOREIGN MINISTERS COUNCIL
DISCUSSION OF MTN TARIFF HYPOTHESIS ON OCTOBER 18:

BEGIN QUOTE

MR. HAERKAMP, VICE PRESIDENT OF THE EUROPEAN COMMISSION,
EXPLAINED TO THE COUNCIL ON TUESDAY THE RESULTS OF HIS
TALKS LAST MONTH WITH PRESIDENT CARTER'S SPECIAL REPRESENTATIVE FOR TRADE QUESTIONS, AMBASSADOR STRAUSS, ON THE CUSTOMS REDUCTION FORMULA IN THE TOKYO ROUND. MR.
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PAGE 02 BRUSSE 14454 191554Z

HAERKAMP CONFIRMED THAT THE "SWISS FORMULA" HAD BEEN
ADOPTED AS A WORKING HYPOTHESIS FOR THE INDUSTRIAL SECTOR,
STRESSING THAT THIS FORMULA CONTAINS AN IMPORTANT TARIFF
HARMONIZATION ELEMENT, IN ACCORDANCE WITH THE POSITION
OF THE EEC. THE RESULT COULD BE AN AVERAGE CUSTOMS
REDUCTION RATE OF 40 PERCENT, BUT MR. HAERKAMP STRESSED
THE NECESSARY CONDITIONS FOR THE ADOPTION OF SUCH A

PERCENTAGE, I.E.:

THE REDUCTION COULD BE MADE IN TWO STAGES, THE FIRST OF WHICH (25 PERCENT REDUCTION) WOULD BE OF AN AUTOMATIC NATURE, AND WOULD BE SPREAD OVER FIVE YEARS, WHILE THE SECOND (15 PERCENT) WOULD BE SUBJECT TO THE ACHIEVEMENT OF SPECIFIC ECONOMIC CONDITIONS AND WOULD ALSO SPREAD OVER FIVE YEARS.

THE CUSTOMS REDUCTION WOULD BE ONE FACTOR IN A GLOBAL PACKAGE, COMPRISING IN PARTICULAR A RAPID AND SELECTIVE SAFEGUARD CLAUSE (IN PLACE OF THE EXISTING COMPLICATED AND "ERGA OMNES" MACHINERY), A NEW CODE FOR CUSTOMS EVALUATION, COMPROMISES ON THE AGRICULTURAL SECTOR ETC.

ALL THE COUNTRIES WILL HAVE TO APPLY ALL THE PROVISIONS IN THE GENERAL AGREEMENT, WHICH REFERS IN PARTICULAR TO THE AMERICAN LEGISLATION ON "COUNTERVAILING DUTIES", WHICH DOES NOT AT PRESENT COMPLY WITH GATT.

THE REACTIONS OF THE NATIONAL DELEGATIONS WERE CAUTIOUS, BUT NOT NEGATIVE, IN THE SENSE THAT NO DELEGATION RULED OUT THE POSSIBILITY OF FINALLY ACCEPTING THE HAFERKAMP-STRAUSS COMPROMISE, IF THE NECESSARY CONDITIONS ARE MET.

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PAGE 03 BRUSSE 14454 191554Z

THE FRENCH DELEGATION NEVERTHELESS STRESSED ON SEVERAL OCCASIONS THE FACT THAT THE EUROPEAN COMMISSION CANNOT AT PRESENT ALIENATE IT FROM THE DIRECTIVES ALREADY RECEIVED, ACCORDING TO WHICH THE AVERAGE CUSTOMS REDUCTION MUST BE WITHIN A BRACKET OF BETWEEN 26 AND 30 PERCENT. ONLY IN THE LIGHT OF ALL THE FACTORS OF THE NEGOTIATION WILL IT BE POSSIBLE TO ASSESS THE ADVISABILITY OF SUCH A MODIFICATION. IN THE VIEW OF FRENCH MINISTER ROSSI, THE TARIFF ASPECT IS NOT THE MAIN ELEMENT: OTHERS ARE EVEN MORE IMPORTANT. MR. ROSSI IN ANY EVENT RECOGNIZED THAT THE UNITED STATES HAVE TAKEN A SIGNIFICANT STEP IN THE DIRECTION OF THE COMMUNITY THESES IN ACCEPTING THE PRINCIPLE OF HARMONIZING TARIFFS AND RESPECT FOR THE COMMON AGRICULTURAL POLICY.

OTHER DELEGATIONS ALSO STRESSED THE IMPORTANCE OF THE OTHER ASPECTS OF THE TOKYO ROUND. THE SELECTIVE SAFEGUARD CLAUSE AND AN INTERNATIONAL CUSTOMS EVALUATION CLAUSE (TO BE ACCEPTED BY THE UNITED STATES AND CANADA) APPEAR TO BE TWO PARTICULARLY IMPORTANT ELEMENTS. THE DISCUSSION OF THESE ASPECTS MUST PROGRESS HAND IN HAND WITH THE CHOICE OF A CUSTOMS REDUCTION FORMULA.

FINALLY, THE COUNCIL AGREED TO ASSESS THE SITUATION ONCE
AGAIN AT ITS SESSION OF 21 NOVEMBER 1977. END QUOTE
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